

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **OCCUPATION.**

3 A. My name is Steve W. Chriss. My business address is 2001 SE 10th St.,
4 Bentonville, AR 72716-0550. I am Manager, State Rate Proceedings, for
5 Wal-Mart Stores, Inc.

6 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CAUSE?**

7 A. I am testifying on behalf of Wal-Mart Stores East, LP and Sam's East, Inc.
8 (collectively "Walmart").

9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

10 A. In 2001, I completed a Masters of Science in Agricultural Economics at
11 Louisiana State University. From 2001 to 2003, I was an Analyst and later
12 a Senior Analyst at the Houston office of Econ One Research, Inc., a Los
13 Angeles-based consulting firm. My duties included research and analysis
14 on domestic and international energy and regulatory issues. From 2003 to
15 2007, I was an Economist and later a Senior Utility Analyst at the Public
16 Utility Commission of Oregon in Salem, Oregon. My duties included
17 appearing as a witness for PUC Staff in electric, natural gas, and
18 telecommunications dockets. I joined the energy department at Walmart
19 in July 2007. My Witness Qualifications Statement is found on Exhibit ____
20 SWC-1.

1 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
2 **SOUTH CAROLINA PUBLIC SERVICE COMMISSION (“THE**
3 **COMMISSION”)?**

4 A. Yes. I submitted testimony in docket 2008-251-E.

5 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER**
6 **STATE REGULATORY COMMISSIONS?**

7 A. Yes. I have submitted testimony before utility regulatory commissions in
8 Arkansas, Colorado, Connecticut, Delaware, Indiana, Kentucky, Louisiana,
9 Missouri, Nevada, New Mexico, Oklahoma, Oregon, Utah, and Virginia on
10 dockets regarding cost of service and rate design, qualifying facility rates,
11 telecommunications deregulation, resource certification, energy
12 efficiency/demand side management, fuel cost adjustment mechanisms,
13 decoupling, and the collection of cash earnings on construction work in
14 progress.

15 **Q. PLEASE BRIEFLY DESCRIBE WALMART’S OPERATIONS IN SOUTH**
16 **CAROLINA.**

17 A. Walmart operates 83 stores and 2 distribution centers and employs
18 27,260 associates in South Carolina. In FYE 2010, Walmart purchased
19 \$812 million worth of goods and services from South Carolina-based
20 suppliers, supporting 32,683 supplier jobs. See Exhibit __ SWC-2.

Q. HAVE YOU PREPARED EXHIBITS?

A. Yes. I have prepared Exhibit __ SWC-1, consisting of four pages, Exhibit __ SWC-2, consisting of two pages, Exhibit __ SWC-3, consisting of two pages, Exhibit __ SWC-4, consisting of one page, Exhibit __ SWC-5, consisting of four pages, Exhibit __ SWC-6, consisting of one page, and Exhibit __ SWC-7, consisting of one page.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to address issues related to revenue requirement and rate design, responding specifically to the testimony of South Carolina Electric & Gas Company witnesses John R. Hendrix, Joseph M. Lynch, and Robert B. Hevert.

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A. My recommendations are as follows:

- 1) For the purposes of this docket, the Commission should award the Company a ROE no higher than 10.7 percent;
- 2) The Commission should order the Company to assign each rate schedule within the Medium and Large General Service classes the overall class percentage increase.
- 3) The Commission should not approve the elimination of Rate 21A. Instead, the Commission should order that the experiment be continued with rates set in a manner that should better influence Rate 21A customers to shift load to off-peak periods.

Revenue Requirement

Q. WHAT REVENUE REQUIREMENT INCREASE HAS THE COMPANY PROPOSED IN ITS FILING?

A. The Company has proposed a total revenue requirement increase of \$197 million. Of the \$197 million, \$76 million is related to proposed increases in operating expenses and \$121 million is related to the Company's operating return. See Application Exhibit C-2, page 2.

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S CURRENT LEVEL OF OPERATING RETURN?

A. My understanding is that the Company's current level of operating return is approximately \$313 million. *Id.*

Q. WHAT PERCENT INCREASE IN OPERATING RETURN IS THE COMPANY REQUESTING?

A. The Company is requesting a 38.9 percent increase in its operating return.

Q. WHAT IS THE COMPANY'S PROPOSED ROE IN THIS DOCKET?

A. The Company is proposing a ROE of 11.6 percent. See Direct Testimony of Robert B. Hevert, page 68, lines 13 to 14.

Q. ARE YOU CONCERNED THAT THE PROPOSED INCREASE IN OPERATING RETURN IS EXCESSIVE?

A. Yes, I am concerned that the Company's proposed operating return increase of 38.9 percent is excessive, especially given the current economic conditions faced by the utility's customers. Additionally, I am

1 concerned that the Company's proposed ROE is significantly higher than
2 the ROE approved by this Commission in the recent Duke Energy general
3 rate case as well as when viewed in the context of ROEs approved by
4 commissions nationwide.

5 **Q. WHAT IS YOUR UNDERSTANDING OF THE ROE APPROVED BY THIS**
6 **COMMISSION IN THE RECENT DUKE ENERGY GENERAL RATE**
7 **CASE?**

8 A. My understanding is that this Commission approved a ROE of 10.7
9 percent in the recent Duke Energy general rate case. See Order No.
10 2010-79, page 12.

11 **Q. WHAT IS YOUR UNDERSTANDING OF THE ROES APPROVED BY**
12 **COMMISSIONS NATIONWIDE IN RECENT YEARS?**

13 A. According to the Edison Electric Institute, the average ROEs awarded to
14 shareholder-owned electric utilities in the United States by commissions
15 from 2005 through 2009 is 10.38 and ranges annually from a minimum of
16 10.26 percent in 2007 to a maximum of 10.52 percent in 2005. See
17 Exhibit __ SWC-3. These values are significantly below the Company's
18 proposed ROE of 11.6 percent and even 10.7 percent, the low end of the
19 Company's proposed range. See Direct Testimony of Robert B. Hevert,
20 page 68, line 11.

21 **Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION ON THIS**
22 **ISSUE?**

1 A. For the purposes of this docket, the Commission should award the
2 Company a ROE no higher than 10.7 percent. This is consistent with the
3 Commission's order in the Duke Energy general rate case and is within
4 the Company's proposed range. This would also represent a moderation
5 of the Company's revenue requirement increase tied to its operating return
6 and reduce the burden on customers during the current economic
7 conditions.

8 **Q. HAVE YOU CALCULATED THE REVENUE REQUIREMENT IMPACT**
9 **OF YOUR RECOMMENDATION?**

10 A. Yes. The reduction in the Company's proposed revenue requirement from
11 awarding a ROE of 10.7 percent is \$22.9 million. See Exhibit __ SWC-4.

12
13 ***Revenue Allocation***

14 **Q. DO YOU HAVE CONCERNS WITH HOW THE COMPANY HAS**
15 **ALLOCATED THE INCREASE WITHIN THE MEDIUM AND LARGE**
16 **GENERAL SERVICE CLASSES IN THIS DOCKET?**

17 A. Yes. For the Medium and Large General Service classes, the Company is
18 proposing different percentage increases for each of the rates within the
19 respective class. See Exhibit __ SWC-5, pages 2 to 4.

20 **Q. IS THE DIFFERENTIATION IN INCREASES SUPPORTED BY THE**
21 **COST OF SERVICE EVIDENCE PRESENTED BY THE COMPANY?**

1 A. No. The cost of service study provided by the Company in this docket
2 does not break out Medium and Large General Service classes by rate, so
3 it is not possible to tell the relative responsibilities for the rate of return for
4 each rate. See Exhibit JRH-2, pages 12 to 26, and Exhibit JRH-3.
5 Without the presentation of such evidence, there is no basis to
6 differentiate the rates within the Medium and Large General Service
7 classes.

8 **Q. DESPITE THIS LACK OF COST DATA PER RATE SCHEDULE, IS**
9 **THERE ANYTHING SPECIFIC THAT CONCERNS YOU ABOUT THE**
10 **DIFFERENT PROPOSED RATE INCREASES FOR THE INDIVIDUAL**
11 **RATE SCHEDULES WITHIN THE MEDIUM AND LARGE GENERAL**
12 **SERVICE CLASSES?**

13 A. Yes. For example, consider the proposed rate increases for the rate
14 schedules that compose the Large General Service class. As can be
15 seen in Exhibit __ SWC-6, SCE&G has 13 rate schedules with significant
16 load (i.e., schedules that produce more than \$5 million in annual
17 revenue). Of these significant load schedules, Rate Schedule 24 would
18 see the highest percentage rate increases under SCE&G's proposal. At
19 the same time, the Contracts schedule (also within the same Large
20 General Service class) would receive by far the lowest increase of *any* of
21 SCE&G's rate schedules.

1 **Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION ON THIS**
2 **ISSUE?**

3 A. The Commission should order the Company to assign each rate within the
4 Medium and Large General Service classes the overall class percentage
5 increase.

6
7 **Rate 21A**

8 **Q. HAS THE COMPANY MADE A PROPOSAL FOR RATE 21A, THE**
9 **EXPERIMENTAL TIME-OF-USE SCHEDULE?**

10 A. Yes. The Company is proposing to eliminate the rate. See Direct
11 Testimony of Joseph M. Lynch, page 3, lines 17 to 18.

12 **Q. WHY IS THE COMPANY PROPOSING TO ELIMINATE THE RATE?**

13 A. The Company is proposing to eliminate the rate because its analysis of
14 the implementation of Rate 21A has shown that, essentially, customers on
15 Rate 21A did not shift load to off-peak periods. *Id.*, lines 7 to 17.

16 **Q. SHOULD THE COMMISSION APPROVE THE ELIMINATION OF RATE**
17 **21A?**

18 A. No, the Commission should not approve the elimination of Rate 21A.
19 Instead, the Commission should order that the experiment be continued
20 with rates set in a manner that should better influence Rate 21A
21 customers to shift load to off-peak periods. I have concerns that Rate
22 21A, as currently structured, may not provide strong enough price signals

1 to encourage shifting demand and energy consumption to off-peak
2 periods, especially when compared to Rate 21, the alternative rate on
3 which MGS customers interested in time-of-use service would take
4 service.

5 **Q. DOES THE COMPANY HOLD OUT RATE 21 AS A MORE EFFECTIVE**
6 **TIME-OF-USE RATE THAN RATE 21A?**

7 A. Yes. The Company states that Rate 21 customers seem to shift load to
8 off-peak periods as they consume more energy at night in all years
9 analyzed. See Direct Testimony of Joseph M. Lynch, page 6, lines 14 to
10 16. The Company supports this statement with data showing the relative
11 on-peak energy consumption and demand of Rate 21 for the study period.
12 See Exhibit JML-2.

13 **Q. ARE THE ON-PEAK ENERGY AND DEMAND CHARGES FOR RATE 21**
14 **HIGHER THAN THOSE FOR RATE 21A?**

15 A. Yes. The current on-peak billing summer and non-summer demand
16 charges for Rate 21 are 3.99 and 10.22 percent higher, respectively, than
17 their Rate 21A counterparts. The proposed rates show a similar
18 relationship. The current Rate 21 on-peak summer and non-summer
19 energy charges are both 7.5 percent higher than their Rate 21A
20 counterparts though that relationship becomes more narrow in the
21 Company's proposed rates for Phases 1 and 2 as the Company attempts
22 to phase out Rate 21A. Additionally, when comparing the multipliers –

1 that is, the number of times greater the on-peak charge is than the off-
2 peak charge – for on-peak to off-peak summer charges, those for Rate 21
3 are slightly higher. See Exhibit __ SWC-7.

4 **Q. DO YOU HAVE A SPECIFIC RATE DESIGN PROPOSAL AT THIS**
5 **TIME?**

6 A. No. Generally, at this time I recommend that the Commission should
7 order that the experiment be continued with rates set in a manner that
8 should better influence Rate 21A customers to shift load to off-peak
9 periods. This could include higher summer on-peak charges and deeper
10 discounts to the off-peak billing demand and energy charges in order to
11 increase the incentive to customers to shift more load to off-peak periods.

12 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

13 A. Yes.

Steve W. Chriss

Manager, State Rate Proceedings

Wal-Mart Stores, Inc.

Business Address: 2001 SE 10th Street, Bentonville, AR, 72716-0550

Business Phone: (479) 204-1594

EXPERIENCE

July 2007 – Present

Wal-Mart Stores, Inc., Bentonville, AR

Manager, State Rate Proceedings

June 2003 – July 2007

Public Utility Commission of Oregon, Salem, OR

Senior Utility Analyst (February 2006 – July 2007)

Economist (June 2003 – February 2006)

January 2003 - May 2003

North Harris College, Houston, TX

Adjunct Instructor, Microeconomics

June 2001 - March 2003

Econ One Research, Inc., Houston, TX

Senior Analyst (October 2002 – March 2003)

Analyst (June 2001 – October 2002)

EDUCATION

2001 **Louisiana State University**

M.S., Agricultural Economics

1997-1998 **University of Florida**

Graduate Coursework, Agricultural Education
and Communication

1997 **Texas A&M University**

B.S., Agricultural Development

B.S., Horticulture

TESTIMONY

2010

Kentucky Public Service Commission Case 2009-00459: In the Matter of General Adjustments in Electric Rates of Kentucky Power Company.

Virginia State Corporation Commission Case PUE-2009-00125: For acquisition of natural gas facilities Pursuant to § 56-265.4:5 B of the Virginia Code.

Arkansas Public Service Commission Docket 10-010-U: In the Matter of a Notice of Inquiry Into Energy Efficiency.

Connecticut Department of Public Utility Control Docket No. 09-12-05: Application of the Connecticut Light and Power Company to Amend its Rate Schedules.

Arkansas Public Service Commission Docket No. 09-084-U: In the Matter of the Application of Entergy Arkansas, Inc. For Approval of Changes in Rates for Retail Electric Service.

Missouri Public Service Commission Docket No. ER-2010-0036: In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.

Public Service Commission of Delaware Docket No. 09-414: In the Matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates and Miscellaneous Tariff Charges.

2009

Virginia State Corporation Commission Case No. PUE-2009-00030: In the Matter of Appalachian Power Company for a Statutory Review of the Rates, Terms, and Conditions for the Provision of Generation, Distribution, and Transmission Services Pursuant to § 56-585.1 A of the Code of Virginia.

Public Service Commission of Utah Docket No. 09-035-15: In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism.

Public Service Commission of Utah Docket No. 09-035-23: In the Matter of the Application of Rocky Mountain Power for Authority To Increase its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations.

Colorado Public Utilities Commission Docket No. 09AL-299E: Re: The Tariff Sheets Filed by Public Service Company of Colorado with Advice Letter No. 1535 – Electric.

Arkansas Public Service Commission Docket No. 09-008-U: In the Matter of the Application of Southwestern Electric Power Company for Approval of a General Change in Rates and Tariffs.

Corporation Commission of the State of Oklahoma Docket No. PUD 200800398: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order of the Commission Authorizing Applicant to Modify its Rates, Charges, and Tariffs for Retail Electric Service in Oklahoma.

Public Utilities Commission of Nevada Docket No. 08-12002: In the Matter of the Application by Nevada Power Company d/b/a NV Energy, filed pursuant to NRS §704.110(3) and NRS §704.110(4) for authority to increase its annual revenue requirement for general rates charged to all classes of customers, begin to recover the costs of acquiring the Bighorn Power Plant, constructing the Clark Peakers, Environmental Retrofits and other generating, transmission and distribution plant additions, to reflect changes in cost of service and for relief properly related thereto.

New Mexico Public Regulation Commission Case No. 08-00024-UT: In the Matter of a Rulemaking to Revise NMPRC Rule 17.7.2 NMAC to Implement the Efficient Use of Energy Act.

Indiana Utility Regulatory Commission Cause No. 43580: Investigation by the Indiana Utility Regulatory Commission, of Smart Grid Investments and Smart Grid Information Issues Contained in 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. § 2621(d)), as Amended by the Energy Independence and Security Act of 2007.

Louisiana Public Service Commission Docket No. U-30192 *Phase II (February 2009)*: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

South Carolina Public Service Commission Docket No. 2008-251-E: In the Matter of Progress Energy Carolinas, Inc.'s Application For the Establishment of Procedures to Encourage Investment in Energy Efficient Technologies; Energy Conservation Programs; And Incentives and Cost Recovery for Such Programs.

2008

Colorado Public Utilities Commission Docket No. 08A-366EG: In the Matter of the Application of Public Service Company of Colorado for approval of its electric and natural gas demand-side management (DSM) plan for calendar years 2009 and 2010 and to change its electric and gas DSM cost adjustment rates effective January 1, 2009, and for related waivers and authorizations.

Public Service Commission of Utah Docket No. 07-035-93: In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations, Consisting of a General Rate Increase of Approximately \$161.2 Million Per Year, and for Approval of a New Large Load Surcharge.

Indiana Utility Regulatory Commission Cause No. 43374: Petition of Duke Energy Indiana, Inc. Requesting the Indiana Utility Regulatory Commission Approve an Alternative Regulatory Plan for the Offering of Energy Efficiency, Conservation, Demand Response, and Demand-Side Management.

Public Utilities Commission of Nevada Docket No. 07-12001: In the Matter of the Application of Sierra Pacific Power Company for authority to increase its general rates charged to all classes of electric customers to reflect an increase in annual revenue requirement and for relief properly related thereto.

Louisiana Public Service Commission Docket No. U-30192 *Phase II*: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

Colorado Public Utilities Commission Docket No. 07A-420E: In the Matter of the Application of Public Service Company of Colorado For Authority to Implement and Enhanced Demand Side Management Cost Adjustment Mechanism to Include Current Cost Recovery and Incentives.

2007

Louisiana Public Service Commission Docket No. U-30192: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

Public Utility Commission of Oregon Docket No. UG 173: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Staff Request to Open an Investigation into the Earnings of Cascade Natural Gas.

2006

Public Utility Commission of Oregon Docket No. UE 180/UE 181/UE 184: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Request for a General Rate Revision.

Public Utility Commission of Oregon Docket No. UE 179: In the Matter of PACIFICORP, dba PACIFIC POWER AND LIGHT COMPANY Request for a general rate increase in the company's Oregon annual revenues.

Public Utility Commission of Oregon Docket No. UM 1129 *Phase II*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

2005

Public Utility Commission of Oregon Docket No. UM 1129 *Phase I Compliance*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

Public Utility Commission of Oregon Docket No. UX 29: In the Matter of QWEST CORPORATION Petition to Exempt from Regulation Qwest's Switched Business Services.

2004

Public Utility Commission of Oregon Docket No. UM 1129 *Phase I*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

ENERGY INDUSTRY PUBLICATIONS AND PRESENTATIONS

Chriss, S. (2006). "Regulatory Incentives and Natural Gas Purchasing – Lessons from the Oregon Natural Gas Procurement Study." Presented at the 19th Annual Western Conference, Center for Research in Regulated Industries Advanced Workshop in Regulation and Competition, Monterey, California, June 29, 2006.

Chriss, S. (2005). "Public Utility Commission of Oregon Natural Gas Procurement Study." Public Utility Commission of Oregon, Salem, OR. Report published in June, 2005. Presented to the Public Utility Commission of Oregon at a special public meeting on August 1, 2005.

Chriss, S. and M. Radler (2003). "Report from Houston: Conference on Energy Deregulation and Restructuring." USAEE Dialogue, Vol. 11, No. 1, March, 2003.

Chriss, S., M. Dwyer, and B. Pulliam (2002). "Impacts of Lifting the Ban on ANS Exports on West Coast Crude Oil Prices: A Reconsideration of the Evidence." Presented at the 22nd USAEE/IAEE North American Conference, Vancouver, BC, Canada, October 6-8, 2002.

Contributed to chapter on power marketing: "Power System Operations and Electricity Markets," Fred I. Denny and David E. Dismukes, authors. Published by CRC Press, June 2002.

Contributed to "Moving to the Front Lines: The Economic Impact of the Independent Power Plant Development in Louisiana," David E. Dismukes, author. Published by the Louisiana State University Center for Energy Studies, October 2001.

Dismukes, D.E., D.V. Mesyanzhinov, E.A. Downer, S. Chriss, and J.M. Burke (2001). "Alaska Natural Gas In-State Demand Study." Anchorage: Alaska Department of Natural Resources.



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South Carolina Community Impact

Real Estate

As of April 2010, Walmart's presence in South Carolina includes:

Supercenters:	69
Discount Stores:	5
Neighborhood Markets:	0
Sam's Clubs:	9
Distribution Centers:	2

Average store size (national average)

Supercenter: 185,000 sq. ft. with approx. 142,000 items
Discount Store: 108,000 sq. ft. with approx. 120,000 items
Neighborhood Market: 42,000 sq. ft. with approx. 29,000 items
Sam's Club: 132,000 sq. ft. with approx. 5,500 items

People

- As of March 2010, the total number of Walmart associates in South Carolina is 27,260.
- As of March 2010, the average wage for regular, full-time hourly associates in South

South Carolina News

- Hillcrest Walmart Unveils New
- Walmart Brings Savings and Convenience to Newport
- Irmo Walmart Opens with New
- "Write to Change the Classroom Program Makes A Difference v School Supplies in Classroom: The Nation

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Media Contacts

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International journalists call
479-273-4314

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South Carolina

Carolina is \$11.74 per hour (Walmart Discount Stores, Supercenters, and Neighborhood Markets). Additionally, associates are eligible for performance-based bonuses.

- In recent years, Walmart has contributed four percent of an associate's eligible pay to their combined Profit Sharing and 401(k) Plan.

Suppliers

- In FYE 2010, Walmart spent \$812,224,336.00 for merchandise and services with 753 suppliers in the state of South Carolina. As a result of Walmart's relationship with these suppliers, Walmart supports 32,683 supplier jobs in the state of South Carolina.
- Supplier figures provided by Dun & Bradstreet.

Taxes and Fees

- Walmart collected on behalf of the state of South Carolina more than \$244.6 million in sales taxes in FYE 2010.
- Walmart paid more than \$35.3 million in state and local taxes in the state of South Carolina in FYE 2010.

Community Involvement

- In 2009, Walmart stores, Sam's Club locations and the Walmart Foundation gave more than \$6.6 million in cash and in-kind donations to local organizations in the communities they serve in the state of South Carolina. Through additional funds donated by customers, and Walmart and Sam's Club associates throughout the state, the retailer's contributions in South Carolina totaled more than \$9.2 million.

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U.S. Quarterly and Annual Average Awarded Returns on Equity, 2005 to 2009

Year	Quarter	Average Awarded ROE (%)	Annual Average (%)
2005	Q1	10.55	
2005	Q2	10.13	
2005	Q3	10.84	
2005	Q4	10.57	10.52
2006	Q1	10.38	
2006	Q2	10.39	
2006	Q3	10.06	
2006	Q4	10.38	10.30
2007	Q1	10.30	
2007	Q2	10.27	
2007	Q3	10.02	
2007	Q4	10.44	10.26
2008	Q1	10.15	
2008	Q2	10.41	
2008	Q3	10.42	
2008	Q4	10.38	10.34
2009	Q1	10.31	
2009	Q2	10.55	
2009	Q3	10.46	
2009	Q4	10.54	10.47
Five Year Average			10.38

Source: Exhibit SWC-3, page 2

VI. Rate Case Data: From Tables I-V (cont.)

U.S. Shareholder-Owned Electric Utilities

Quarter	Number of Rate Cases Filed	Average Awarded ROE	Average Requested ROE	Average 10-Year Treasury Yield	Average Regulatory Lag
Q1 2003	3	11.49	12.24	3.92	10.20
Q2 2003	10	11.16	11.76	3.62	13.60
Q3 2003	5	9.95	11.69	4.23	8.80
Q4 2003	10	11.09	11.57	4.29	6.83
Q1 2004	5	11.00	11.54	4.02	7.66
Q2 2004	8	10.64	11.81	4.60	10.00
Q3 2004	6	10.75	11.35	4.30	12.50
Q4 2004	5	10.91	11.48	4.17	14.40
Q1 2005	4	10.55	11.41	4.30	8.71
Q2 2005	12	10.13	11.49	4.16	13.70
Q3 2005	8	10.84	11.32	4.21	13.00
Q4 2005	10	10.57	11.14	4.49	8.44
Q1 2006	11	10.38	11.23	4.57	7.33
Q2 2006	18	10.39	11.38	5.07	8.83
Q3 2006	7	10.06	11.64	4.90	8.33
Q4 2006	12	10.38	11.19	4.63	8.11
Q1 2007	11	10.30	11.00	4.68	9.88
Q2 2007	16	10.27	11.44	4.85	9.82
Q3 2007	8	10.02	11.13	4.73	10.80
Q4 2007	11	10.44	11.16	4.26	8.75
Q1 2008	7	10.15	10.98	3.66	7.33
Q2 2008	8	10.41	10.93	3.89	10.80
Q3 2008	21	10.42	11.26	3.86	10.60
Q4 2008	6	10.38	11.21	3.25	11.90
Q1 2009	13	10.31	11.79	2.74	11.10
Q2 2009	22	10.55	11.01	3.31	9.13
Q3 2009	17	10.46	11.43	3.52	10.90
Q4 2009	14	10.54	11.15	3.46	9.69

NA = Not available

Source: SNL Financial / Regulatory Research Assoc. and EEI Rate Department

increase for Northern States Power, and the North Dakota commission approved an interim increase for Otter Tail Power.

Filed Cases

Capital expenditures, operation and maintenance and other expenses, and attempts to implement tracking mechanisms for cost recovery were, in that order, the primary drivers of case filings in Q4. These were very similar to the main drivers for filings in Q3.

Capital expenditures included the usual investments in generation (including renewable generation), distribution, transmission and pollution control equipment. For example, El Paso Electric in Texas filed for investments in new generation and other infrastructure to accommodate growing demand. Kansas City Power & Light in Kansas filed for return of and on infrastructure investments, including new generation. Pacific Gas and Electric in California filed for recovery of capital investments, particularly for distribution systems.

Regarding recovery of operating and maintenance and other expenses, Empire District Electric in Missouri filed for recovery of costs associated with new generation and pollution control equipment. Pacific Gas and Electric in California filed to recover costs of maintaining and upgrading generation to serve growing demand. Operation and maintenance expenses were also a part of Minnesota Power's filing. Regarding tracking mechanisms, Empire District Electric in Missouri filed to recover rate case expenses through its fuel adjustment clause. El Paso Electric in Texas proposed an energy efficiency cost recovery rider and Kentucky Power filed to implement a transmission adjustment clause. Other drivers during the quarter included Hawaii Electric Light's attempt to implement a decoupling mechanism, Southern Indiana Gas & Electric's attempt to recover the impact of reduced customer usage on revenues, and Potomac Electric Power's attempt in Maryland to recover costs related to the company's advanced metering initiative.

Drivers of filed cases in full-year 2009 were similar to those of 2008, with the exception of the weak economy,

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit __ SWC-4
South Carolina Docket 2009-489-E

Calculation of Adjustment to Revenue Requirement, 10.7 Percent Return on Equity

Long-Term Debt	\$	2,790,425,000	47.04%	6.14%	2.89%
Common Equity	\$	3,141,458,601	52.96%	10.70%	5.67%
Total	\$	5,931,883,601			8.55%
		Rate Base		\$	4,820,908
		Return at ROR of 8.55		\$	412,425
		Current Operating Return		\$	313,468
		Incremental Operating Return at ROE of 10.7%		\$	98,957
		Company Proposed Incremental Operating Return		\$	121,860
		Difference		\$	(22,903)

Source: Application Exhibit C-2, page 2

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
OFFICE OF REGULATORY STAFF FIRST CONTINUING AUDIT REQUEST
DOCKET NO. 2009-489-E**

REQUEST NO. 1-37

Please provide the present revenue from each rate schedule and the additional revenue to be derived from the proposed rates for the test year incorporating the approved fuel clause rate at the end of the test year.

RESPONSE NO. 1-37

See attached.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
Office of Regulatory Staff
First Continuing Audit Request #1
Docket No. 2009-489-E

Answer No. 1-37

Phase I					
RATE	OCT. 30, 2009 RATES REVENUE	PROPOSED PHASE I REVENUE	\$ CHANGE	% CHANGE	
	COL 1	COL 2	COL 3	COL 4	
RESIDENTIAL					
Rate 1 - Good Cents	\$ 41,272,931	\$ 42,517,657	\$ 1,244,726	3.02%	
Rate 2 - Low Use	\$ 3,803,396	\$ 3,929,186	\$ 125,790	3.31%	
Rate 5 - Time-of-Use (KWH Only)	\$ 171,000	\$ 176,344	\$ 5,344	3.13%	
Rate 6 - Energy Saver / Conservation	\$ 56,538,072	\$ 58,246,172	\$ 1,708,100	3.02%	
Rate 7 - Time-of-Use Demand	\$ 17,161	\$ 17,733	\$ 572	3.33%	
Rate 8 - Residential	\$ 825,319,770	\$ 852,298,578	\$ 26,978,808	3.27%	
Total Residential Class	\$ 927,122,330	\$ 957,185,670	\$ 30,063,340	3.24%	
SMALL GENERAL SERVICE					
Rate 3 - Municipal Power	\$ 12,891,295	\$ 13,318,974	\$ 427,679	3.32%	
Rate 9 - Small General (Includes Unmetered Svc.)	\$ 287,316,871	\$ 296,394,071	\$ 9,077,200	3.16%	
Rate 10 - Small Construction	\$ 684,370	\$ 710,721	\$ 26,351	3.85%	
Rate 11 - Irrigation	\$ 1,078,979	\$ 1,116,485	\$ 37,506	3.48%	
Rate 12 - Church	\$ 15,964,976	\$ 16,428,178	\$ 463,202	2.90%	
Rate 13 - Municipal Lighting	\$ 415,452	\$ 428,846	\$ 13,394	3.22%	
Rate 14 - Farm	\$ 2,300,933	\$ 2,377,937	\$ 77,004	3.35%	
Rate 16 - Time-of-Use	\$ 1,364,981	\$ 1,414,390	\$ 49,409	3.62%	
Rate 22 - School	\$ 39,812,291	\$ 41,190,478	\$ 1,378,187	3.46%	
Total Small General Service Class	\$ 361,830,148	\$ 373,380,080	\$ 11,549,932	3.19%	
MEDIUM GENERAL SERVICE					
Rate 20 - Medium General	\$ 186,279,977	\$ 191,729,193	\$ 5,449,216	2.93%	
Rate 21 - Time-of-Use	\$ 8,454,761	\$ 8,726,543	\$ 271,782	3.21%	
Rate 21A - Experimental Time-of-Use	\$ 28,158,893	\$ 29,334,369	\$ 1,175,476	4.17%	
Total Medium General Service Class	\$ 222,893,631	\$ 229,790,105	\$ 6,896,474	3.09%	
LARGE GENERAL SERVICE					
Rate 23 - Industrial Power	\$ 244,431,728	\$ 251,997,461	\$ 7,565,733	3.10%	
Rate 24 - Time-of-Use	\$ 143,246,344	\$ 148,283,143	\$ 5,036,799	3.52%	
Contracts	\$ 122,402,071	\$ 125,499,542	\$ 3,097,471	2.53%	
Total Large General Service Class	\$ 510,080,143	\$ 525,780,146	\$ 15,700,003	3.08%	
RETAIL TOTAL EXCLUDING LIGHTING	\$ 2,021,926,252	\$ 2,086,136,001	\$ 64,209,749	3.18%	
LIGHTING	\$ 52,341,404	\$ 54,274,251	\$ 1,932,847	3.69%	
RETAIL TOTAL INCLUDING LIGHTING	\$ 2,074,267,656	\$ 2,140,410,252	\$ 66,142,596	3.19%	

SOUTH CAROLINA ELECTRIC & GAS COMPANY
Office of Regulatory Staff
First Continuing Audit Request #1
Docket No. 2009-489-E

Answer No. 1-37

Phase II				
RATE	PROPOSED PHASE I REVENUE	PROPOSED PHASE II REVENUE	\$ CHANGE	% CHANGE
	COL. 1	COL. 2	COL. 3	COL. 4
RESIDENTIAL				
Rate 1 - Good Cents	\$ 42,517,657	\$ 43,722,337	\$ 1,204,680	2.83%
Rate 2 - Low Use	\$ 3,929,186	\$ 4,064,180	\$ 134,994	3.44%
Rate 5 - Time-of-Use (KWH Only)	\$ 176,344	\$ 181,984	\$ 5,640	3.20%
Rate 6 - Energy Saver / Conservation	\$ 58,246,172	\$ 59,900,165	\$ 1,653,993	2.84%
Rate 7 - Time-of-Use Demand	\$ 17,733	\$ 18,276	\$ 543	3.06%
Rate 8 - Residential	\$ 852,298,578	\$ 876,167,094	\$ 25,868,516	3.04%
Total Residential Class	\$ 957,185,670	\$ 986,054,036	\$ 28,868,366	3.02%
SMALL GENERAL SERVICE				
Rate 3 - Municipal Power	\$ 13,318,974	\$ 13,712,797	\$ 393,823	2.96%
Rate 9 - Small General (Includes Unmetered Svc.)	\$ 296,394,071	\$ 305,199,223	\$ 8,805,152	2.97%
Rate 10 - Small Construction	\$ 710,721	\$ 736,465	\$ 25,744	3.62%
Rate 11 - Irrigation	\$ 1,116,485	\$ 1,150,019	\$ 33,534	3.00%
Rate 12 - Church	\$ 16,428,178	\$ 16,906,094	\$ 477,916	2.91%
Rate 13 - Municipal Lighting	\$ 428,846	\$ 441,598	\$ 12,752	2.97%
Rate 14 - Farm	\$ 2,377,937	\$ 2,451,583	\$ 73,646	3.10%
Rate 16 - Time-of-Use	\$ 1,414,390	\$ 1,457,097	\$ 42,707	3.02%
Rate 22 - School	\$ 41,190,478	\$ 42,415,744	\$ 1,225,266	2.97%
Total Small General Service Class	\$ 373,380,080	\$ 384,470,620	\$ 11,090,540	2.97%
MEDIUM GENERAL SERVICE				
Rate 20 - Medium General	\$ 191,729,193	\$ 196,905,058	\$ 5,175,865	2.70%
Rate 21 - Time-of-Use	\$ 8,726,543	\$ 8,976,974	\$ 250,431	2.87%
Rate 21A - Experimental Time-of-Use	\$ 29,334,369	\$ 30,530,276	\$ 1,195,907	4.08%
Total Medium General Service Class	\$ 229,790,105	\$ 236,412,308	\$ 6,622,203	2.88%
LARGE GENERAL SERVICE				
Rate 23 - Industrial Power	\$ 251,997,461	\$ 259,073,364	\$ 7,075,903	2.81%
Rate 24 - Time-of-Use	\$ 148,283,143	\$ 153,496,228	\$ 5,213,085	3.52%
Contracts	\$ 125,499,542	\$ 128,287,217	\$ 2,787,675	2.22%
Total Large General Service Class	\$ 525,780,146	\$ 540,856,809	\$ 15,076,663	2.87%
RETAIL TOTAL EXCLUDING LIGHTING	\$ 2,086,136,001	\$ 2,147,793,773	\$ 61,657,772	2.96%
LIGHTING	\$ 54,274,251	\$ 56,130,555	\$ 1,856,304	3.42%
RETAIL TOTAL INCLUDING LIGHTING	<u>\$ 2,140,410,252</u>	<u>\$ 2,203,924,328</u>	<u>\$ 63,514,076</u>	2.97%

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit __ SWC-5
South Carolina Docket 2009-489-E

SOUTH CAROLINA ELECTRIC & GAS COMPANY
Office of Regulatory Staff
First Continuing Audit Request #1
Docket No. 2009-489-E

Answer No. 1-37

Phase III				
RATE	PROPOSED PHASE II REVENUE	PROPOSED PHASE III REVENUE	\$ CHANGE	% CHANGE
	COL. 1	COL. 2	COL. 3	COL. 4
RESIDENTIAL				
Rate 1 - Good Cents	\$ 43,722,337	\$ 45,014,581	\$ 1,292,244	2.96%
Rate 2 - Low Use	\$ 4,064,180	\$ 4,225,974	\$ 161,794	3.98%
Rate 5 - Time-of-Use (KWH Only)	\$ 181,984	\$ 187,549	\$ 5,565	3.06%
Rate 6 - Energy Saver / Conservation	\$ 59,900,165	\$ 61,673,926	\$ 1,773,761	2.96%
Rate 7 - Time-of-Use Demand	\$ 18,276	\$ 18,851	\$ 575	3.15%
Rate 8 - Residential	\$ 878,167,094	\$ 905,800,951	\$ 27,633,857	3.15%
Total Residential Class	\$ 986,054,036	\$ 1,016,921,832	\$ 30,867,796	3.13%
SMALL GENERAL SERVICE				
Rate 3 - Municipal Power	\$ 13,712,797	\$ 14,133,965	\$ 421,168	3.07%
Rate 9 - Small General (Includes Unmetered Svc.)	\$ 305,199,223	\$ 314,606,738	\$ 9,407,515	3.08%
Rate 10 - Small Construction	\$ 736,465	\$ 763,376	\$ 26,911	3.65%
Rate 11 - Irrigation	\$ 1,150,019	\$ 1,188,464	\$ 38,445	3.34%
Rate 12 - Church	\$ 16,906,094	\$ 17,416,708	\$ 510,614	3.02%
Rate 13 - Municipal Lighting	\$ 441,598	\$ 455,294	\$ 13,696	3.10%
Rate 14 - Farm	\$ 2,451,583	\$ 2,530,072	\$ 78,489	3.20%
Rate 16 - Time-of-Use	\$ 1,457,097	\$ 1,504,465	\$ 47,368	3.25%
Rate 22 - School	\$ 42,415,744	\$ 43,730,548	\$ 1,314,804	3.10%
Total Small General Service Class	\$ 384,470,620	\$ 396,329,630	\$ 11,859,010	3.08%
MEDIUM GENERAL SERVICE				
Rate 20 - Medium General	\$ 227,435,334	\$ 234,256,795	\$ 6,821,461	3.00%
Rate 21 - Time-of-Use	\$ 8,976,974	\$ 9,236,405	\$ 259,431	2.89%
Total Medium General Service Class	\$ 236,412,308	\$ 243,493,200	\$ 7,080,892	3.00%
LARGE GENERAL SERVICE				
Rate 23 - Industrial Power	\$ 259,073,364	\$ 266,934,913	\$ 7,861,549	3.03%
Rate 24 - Time-of-Use	\$ 153,496,228	\$ 158,625,782	\$ 5,129,554	3.34%
Contracts	\$ 128,287,217	\$ 131,416,754	\$ 3,129,537	2.44%
Total Large General Service Class	\$ 540,856,809	\$ 556,977,449	\$ 16,120,640	2.98%
RETAIL TOTAL EXCLUDING LIGHTING	\$ 2,147,793,773	\$ 2,213,722,111	\$ 65,928,338	3.07%
LIGHTING	\$ 56,130,555	\$ 58,115,490	\$ 1,984,935	3.54%
RETAIL TOTAL INCLUDING LIGHTING	\$ 2,203,924,328	\$ 2,271,837,601	\$ 67,913,273	3.08%

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit __ SWC-6
South Carolina Docket 2009-489-E

Proposed SCE&G Revenue Increases Per Significant Non-Lighting Rate Schedules

Rate Schedule	Oct. 30, 2009 Rate Revenue	Phase 1 Revenue Increase	Phase 2 Revenue Increase	Phase 3 Revenue Increase	Total Increase	
(1)	(\$) (2)	(\$) (3)	(\$) (4)	(\$) (5)	(\$) (6) (3) + (4) + (5)	(%) (7) (6) / (2)
Residential						
Rate 1 - Good Cents	\$ 41,272,931	\$ 1,244,726	\$ 1,204,680	\$ 1,292,244	\$ 3,741,650	9.07%
Rate 6 - Energy Saver / Conservation	\$ 56,538,072	\$ 1,708,100	\$ 1,653,993	\$ 1,773,761	\$ 5,135,854	9.08%
Rate 8 - Residential	\$ 825,319,770	\$ 26,978,808	\$ 25,868,516	\$ 27,633,857	\$ 80,481,181	9.75%
Total Residential	\$ 927,122,330	\$ 30,063,340	\$ 28,868,366	\$ 30,867,796	\$ 89,799,502	9.69%
Small General Service						
Rate 3 - Municipal Power	\$ 12,891,295	\$ 427,679	\$ 393,823	\$ 421,168	\$ 1,242,670	9.64%
Rate 9 - Small General	\$ 287,316,871	\$ 9,077,200	\$ 8,805,152	\$ 9,407,515	\$ 27,289,867	9.50%
Rate 12 - Church	\$ 15,964,976	\$ 463,202	\$ 477,916	\$ 510,614	\$ 1,451,732	9.09%
Rate 22 - School	\$ 39,812,291	\$ 1,378,187	\$ 1,225,266	\$ 1,314,804	\$ 3,918,257	9.84%
Total Small General Service	\$ 361,830,148	\$ 11,549,932	\$ 11,090,540	\$ 11,859,010	\$ 34,499,482	9.53%
Medium General Service						
Rate 20 - Medium General	\$ 186,279,977	\$ 5,449,216	\$ 5,175,865	\$ 6,821,461	\$ 17,446,542	9.37%
Rate 21 - Time of Use	\$ 8,454,761	\$ 271,782	\$ 250,431	\$ 259,431	\$ 781,644	9.25%
Rate 21A - Experimental Time of Use	\$ 28,158,893	\$ 1,175,476	\$ 1,195,907	*	\$ 2,371,383	8.42%
Total Medium General Service	\$ 222,893,631	\$ 6,896,474	\$ 6,622,203	\$ 7,080,892	\$ 20,599,569	9.24%
Large General Service						
Rate 23 - Industrial Power	\$ 244,431,728	\$ 7,565,733	\$ 7,075,903	\$ 7,861,549	\$ 22,503,185	9.21%
Rate 24 - Time of Use	\$ 143,246,344	\$ 5,036,799	\$ 5,213,085	\$ 5,129,554	\$ 15,379,438	10.74%
Contracts	\$ 122,402,071	\$ 3,097,471	\$ 2,787,675	\$ 3,129,537	\$ 9,014,683	7.36%
Total Large General Service	\$ 510,080,143	\$ 15,700,003	\$ 15,076,663	\$ 16,120,640	\$ 46,897,306	9.19%

* Rate 21A proposed to be eliminated in Phase 3

Source: Exhibit SWC-5, page 2 to page 4

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit __ SWC-7
South Carolina Docket 2009-489-E

Comparison of Rates 21 and 21A: Current Charges, Proposed Phase 1 Charges, and Proposed Phase 2 Charges

Charge	Basic Facilities Charge	On-Peak Billing Demand		Off-Peak Billing Demand	On-Peak Energy Charge		Off-Peak Energy
	Charge	Summer	Non-Summer		Summer	Non-Summer	
	(\$/month) (1)	(\$/KVA) (2)	(\$/KVA) (3)	(\$/KVA) (4)	(\$/kWh) (5)	(\$/kWh) (6)	(\$/kWh) (7)
Current							
(1) Rate 21	\$ 160.00	\$ 19.30	\$ 12.82	\$ 3.59	\$ 0.08425	\$ 0.05770	\$ 0.04411
- on/off-peak multiplier		5.38			1.91		
(2) Rate 21A	\$ 160.00	\$ 18.53	\$ 11.51	\$ 3.59	\$ 0.07793	\$ 0.05337	\$ 0.04189
- on/off-peak multiplier		5.16			1.86		
(3) (2) / (1) - 1	Difference Between 21A and 21	-3.99%	-10.22%		-7.50%	-7.50%	
Phase 1							
(4) Rate 21	\$ 170.00	\$ 20.20	\$ 13.41	\$ 3.76	\$ 0.08602	\$ 0.05902	\$ 0.04471
- on/off-peak multiplier		5.37			1.92		
(5) Rate 21A	\$ 170.00	\$ 19.39	\$ 12.04	\$ 3.80	\$ 0.08103	\$ 0.05557	\$ 0.04345
- on/off-peak multiplier		5.10			1.86		
(6) (5) / (4) - 1	Difference Between 21A and 21	-4.01%	-10.22%		-5.80%	-5.85%	
Phase 2							
(7) Rate 21	\$ 180.00	\$ 21.15	\$ 14.17	\$ 3.94	\$ 0.08650	\$ 0.05935	\$ 0.04496
- on/off-peak multiplier		5.37			1.92		
(8) Rate 21A	\$ 180.00	\$ 20.30	\$ 12.51	\$ 3.98	\$ 0.08398	\$ 0.05759	\$ 0.04503
- on/off-peak multiplier		5.10			1.86		
(9) (8) / (7) - 1	Difference Between 21A and 21	-4.02%	-11.71%		-2.91%	-2.97%	

Sources:

(1) and (2) -- Application Exhibit A
(4) and (5) -- Application Exhibit B-1
(7) and (8) -- Application Exhibit B-2